

Message Text

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ACTION EUR-25

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 7602

INFO CINCPAC

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USLO PEKING

AMEMBASSY TOKYO

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E.O. 11652: GDS

TAGS: ETRD ENRG PFOR UR JA

SUBJECT: PROPOSED NEW RAILWAY IN SIBERIA

CINCPAC FOR POLAD

REF: A) MOSCOW 4620; B) TOKYO 4257; C) TOKYO 3965

1. OVER PAST SEVERAL DAYS EMBASSY HAS OBTAINED FOLLOWING ADDITIONAL DETAILS WHICH SUPPLEMENT INFORMATION REPORTED IN REFTELS.

2. FINANCING. ON APRIL 2 JAPANESE AMBASSADOR SHIGEMITSU TOLD AMBASSADOR THAT SOVIET PROPOSAL FOR CONSTRUCTION OF NEW SIBERIAN RAILWAY AMOUNTS TO REQUEST THAT JAPANESE MORE THAN DOUBLE AMOUNT OF THEIR INVESTMENT IN SIBERIA IN ORDER TO OBTAIN TYUMEN OIL. PREVIOUSLY, JAPANESE HAD UNDERSTOOD CONFIDENTIAL

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THAT PROJECT WOULD INVOLVE CONSTRUCTION OF A PIPELINE

COSTING ABOUT TWO BILLION DOLLARS, OF WHICH JAPANESE WOULD BE EXPECTED TO FINANCE ABOUT ONE BILLION. NEW PROPOSAL FOR RAILWAY WILL REQUIRE JAPANESE FINANCING OF NEARLY THREE BILLION DOLLARS. (NOTE: SHIGEMITSU MENTIONED FIGURE OF 2.1 BILLION RUBLES; JAPANESE COUNSELOR MORIMOTO HAS MENTIONED FIGURE OF 2.46 BILLION RUBLES.)

3. ROUTE. SHIGEMITSU SAID THAT ALTHOUGH THERE HAS BEEN MENTION OF SOVETSKAYA GAVAN AS AN EASTERN TERMINAL FOR THE RAILWAY, HE TENDS TO DISCOUNT THIS POSSIBILITY BECAUSE THIS PORT IS FROZEN OVER DURING WINTER. CONSEQUENTLY, SOME WAY MUST BE FOUND TO BRING OIL OVERLAND TO ICE-FREE NAKHODKA AREA, AND HE BELIEVES THIS MAY BE A PIPELINE FROM KOMSOMOLSK. IN A SEPARATE CONVERSATION MORIMOTO HAS SAID THAT RAILWAY WILL BE DOUBLETRACKED AND THAT TOTAL LENGTH WILL BE ABOUT 3000 KILOMETERS.

4. ROLLING STOCK. ACCORDING TO SHIGEMITSU, 400 TANK CARS PER DAY WILL BE NEEDED TO TRANSPORT THE REQUIRED QUANTITY OF 25 MILLION METRIC TONS PER YEAR. CAPACITY OF EACH CAR WILL BE 120 OR 180 TONS AND AS NOTED IN REF B, TRAINS WILL BE MORE THAN TWO KILOMETERS LONG.

5. CONSTRUCTION OF IRKUTSK-NAKHODKA PIPELINE POSTPONED. MORIMOTO REPORTED THAT SOVIETS HAD INDICATED THAT PLANS FOR RAILROAD ARE NOW DEFINITE AND THAT CONSIDERATION OF CONSTRUCTION OF PIPELINE FROM IRKUTSK TO NAKHODKA IS NOW POSTPONED UNTIL 1990.

6. POSSIBILITY OF JAPANESE ACCEPTANCE. IN HIS CONVERSATION WITH AMBASSADOR, SHIGEMITSU WAS GENERALLY NEGATIVE ON THE RAILWAY PROJECT AND SAID THAT HE THOUGHT THE SOVIET PROPOSAL AMOUNTED TO A REFUSAL OF JAPAN'S REQUEST FOR CRUDE OIL FROM TYUMEN.

7. MENTION OF TYUMEN OIL FOR JAPAN IN SOVIET PRESS. LATEST SOVIET REFERENCE TO POSSIBLE JAPANESE PURCHASE OF TYUMEN OIL APPEARS IN APRIL 5 NEW TIMES ARTICLE BY FIRST DEPUTY MINISTER OF FOREIGN TRADE I.F. SEMICHASTNOV. HE NOTES THAT NEGOTIATIONS ENVISAGE JAPANESE DELIVERY OF EQUIPMENT FOR PROSPECTING, DRILLING, AND TRANSPORT OF OIL TO PACIFIC COAST FOR LOADING INTO

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TANKERS. USSR WILL DELIVER OIL FROM 1981 THROUGH 2000, WITH DELIVERIES DURING FIRST FIVE YEARS GRADUALLY INCREASING UP TO LEVEL OF 25 MILLION METRIC TONS PER YEAR REACHED IN 1985 AND CONTINUING IN THAT AMOUNT THROUGH REMAINING 15 YEARS. (COMMENT: SEMICHASTNOV DOES NOT SPECIFY TYPE OF OVERLAND TRANSPORT INVOLVED, AND IMPLIES THAT DELIVERIES WILL NOT EXCEED 25 MILLION TONS PER YEAR, ALTHOUGH JAPANESE HAVE REQUESTED AS MUCH AS 40 MILLION.)

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